

# **Indiana Legislative Services Agency**

## **Fiscal Issue Brief**

September 27, 2010

### **Indiana's Geographically Targeted Development Programs: Professional Sports and Convention Development Areas**

#### **Introduction**

P.L. 255-1997(ss) [IC 36-7-31 and IC 33-7-31.3] authorized cities and counties to establish Professional Sports and Convention Development Areas (PSCDAs). Separate statutes authorized the establishment of a PSCDA in Indianapolis/Marion County and PSCDAs in cities and counties outside of Indianapolis and Marion County. A PSCDA is a special zone where certain state and local tax revenue generated by activity at designated sports and convention facilities is diverted to a special fund for capital improvement projects within the PSCDA. The resolution designating a PSCDA must be reviewed by the State Budget Committee and be approved by the State Budget Agency. No incremental tax revenue may be captured by a PSCDA unless approved by the State Budget Agency.

#### **Locations**

PSCDAs currently operate in Allen County, Evansville, Indianapolis, and South Bend. Besides the operational PSCDAs, only one other PSCDA has been established, in Huntingburg. This PSCDA is no longer operational. Current statute prohibits the establishment of any additional PSCDAs. Table 1 lists the operational PSCDAs and the sports and convention facilities they contain.

**Table 1: Professional Sports and Convention Development Area Locations and Facilities.**

<b>Location</b>	<b>Facility</b>	<b>Location</b>	<b>Facility</b>
<b>Allen County</b>	War Memorial Coliseum	<b>Indianapolis</b>	Victory Field
	Grand Wayne Center		Marriott Hotel – Downtown
	IPFW Campus		Marriott Place
	Holiday Inn Hotel – Coliseum		Hyatt Regency Hotel
	Hilton Hotel – Grand Wayne Center		Westin Hotel
<b>Evansville</b>	Bosse Field	<b>South Bend</b>	Century Center
	Roberts Stadium		College Football Hall of Fame
<b>Indianapolis</b>	Colts Practice Center		Coveleski Stadium
	Conseco Fieldhouse		Morris Civic Auditorium
	Indiana Convention Center		Palais Royale Ballroom
	Lucas Oil Stadium		Studebaker National Museum

Source: Local unit internet websites; phone contact with local units.

### ***Indianapolis PSCDA***

Indianapolis is authorized to establish a PSCDA containing a facility or complex of facilities: (1) used in the training of a professional sports team; (2) financed by obligations issued by a political subdivision or the Indianapolis Capital Improvement Board (CIB) and used to hold professional sporting events; (3) financed through a lease with the Indiana Stadium and Convention Building Authority and used to hold professional sporting events; or (4) consisting of hotels located in a specified area of downtown Indianapolis. The initial PSCDA in Indianapolis had to be established before July 1, 1999. However, legislation was subsequently enacted allowing the Indianapolis PSCDA boundaries to be changed after May 14, 2005, to include Lucas Oil Stadium, and after June 30, 2009, to include specified hotels in downtown Indianapolis. The Indianapolis PSCDA may include noncontiguous parcels of land.

The Indianapolis PSCDA is authorized to capture incremental revenue from Sales Tax, state Income Tax, local option income taxes, and food and beverage tax generated at the sports facilities and convention center specified in Table 1. The PSCDA also is allowed to capture revenue from Sales Tax, state Income Tax, and local option income taxes generated at the hotels listed in Table 1.

The PSCDA is subject to two state revenue capture limits. A capture limit equal to \$16 M annually applies to the portion of the PSCDA containing the sports facilities and the convention center. The first \$5 M of this revenue stream pays obligations relating to the construction of Conseco Fieldhouse, with the remainder paying obligations relating to the construction of Lucas Oil Stadium and the expansion of the Indiana Convention Center. A separate capture limit equal to \$8 M annually applies to the portion of the PSCDA containing the specified hotels. This revenue stream can only be used to pay operating expenses on capital improvements that are owned, leased, or operated by the CIB (Conseco Fieldhouse, the Indiana Convention Center, Lucas Oil Stadium, and Victory Field). The revenue capture by the Indianapolis PSCDA must cease by January 1, 2041.

### ***PSCDAs Outside Marion County***

Cities and counties outside Marion County are also authorized to establish a PSCDA, provided the city or county has a professional sports franchise playing the majority of its home games in a facility owned by the city, the county, a school corporation, a county building authority, a capital improvement board, or other specified public entities. The PSCDA must contain the sports facility where the professional team plays its games. In addition, a PSCDA may include convention facilities, an airport, a museum, a zoo, a facility used for nationally significant public attractions, a performing arts venue, a county courthouse that is a registered historic landmark, or a hotel.

A few caveats exist relating to the PSCDA authorization. First, a city or county PSCDA had to be established before July 1, 1999, generally, and before January 1, 2005, in the case of a second class city or the city of Marion. Second, the Allen County PSCDA is exempt from the requirement that a PSCDA contain a facility where a professional sports team plays its games. Third, in 2008, the Evansville PSCDA was authorized to expand to include a hotel or hotels and the Allen County PSCDA was allowed to expand to include the IPFW campus. As with the Indianapolis PSCDA, any other city or county PSCDA is allowed to include noncontiguous parcels of land.

### ***Tax Revenue Captured by PSCDAs Outside Marion County***

Except for the Allen County PSCDA, the PSCDAs outside Marion County are also authorized to capture incremental revenue from Sales Tax, state Income Tax, local option income taxes, and food and beverage tax generated at the convention and sports facilities contained in the PSCDA. The Allen County PSCDA is not allowed to capture revenue from the food and beverage tax.

These PSCDAs are also subject to revenue capture limits. The annual capture limit for the Allen County PSCDA is \$3 M, with the limit applying to the capture of revenue from the Sales Tax, state Income Tax,

and local option income taxes. The Allen County PSCDA is allowed to capture revenue until December 31, 2027. The capture limits for the Evansville and South Bend PSCDAs are based on the population contained in the jurisdiction that established the PSCDA. Also, the capture limits for the Evansville and South Bend PSCDAs only apply to the capture of revenue from the Sales Tax and the state Income Tax. The Evansville PSCDA capture limit is \$5 multiplied by the city population, or \$607,910. The South Bend capture limit is \$6.50 multiplied by the city population, or \$700,629. The revenue capture in both PSCDAs is allowed for 20 consecutive years. This would extend to 2019 for Evansville and 2018 for South Bend.

Table 2 reports the revenue captured by the PSCDAs since their incipience.

**Table 2: Revenue Captured by Professional Sports and Convention Development Areas, FY 1999-2009.**

<b>Fiscal Year</b>	<b>Allen County</b>	<b>Evansville</b>	<b>Huntingburg</b>	<b>Indianapolis</b>	<b>South Bend</b>	<b>TOTAL</b>
<b>1998</b>	293,236	-	-	5,131,578	48,860	5,473,674
<b>1999</b>	544,512	21,445	17,034	5,095,859	207,514	5,886,364
<b>2000</b>	434,317	14,827	16,444	5,185,747	328,071	5,979,407
<b>2001</b>	471,535	29,026	9,739	5,168,405	337,449	6,014,155
<b>2002</b>	661,970	31,518	16,512	5,150,871	290,986	6,151,856
<b>2003</b>	987,433	43,195	18,509	5,164,307	304,882	6,518,327
<b>2004</b>	1,065,693	62,124	7,637	5,158,842	391,207	6,685,504
<b>2005</b>	1,036,207	47,748	7,684	5,247,720	349,649	6,689,008
<b>2006</b>	1,104,355	81,523	-	5,280,593	399,458	6,865,929
<b>2007</b>	1,311,467	53,775	-	5,256,034	404,088	7,025,365
<b>2008</b>	1,659,245	74,794	-	15,350,084	428,449	17,512,573
<b>2009</b>	1,687,719	64,955	-	15,100,406	537,814	17,390,894
<b>Total</b>	<b>11,257,690</b>	<b>524,931</b>	<b>93,559</b>	<b>82,288,448</b>	<b>4,028,428</b>	<b>98,193,055</b>

Source: Department of State Revenue.

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